*Quality is Our Bottom Line*

**Appropriations Committee**

**Thursday, March 31, 2011**

**Connecticut Association of Health Plans**

**Testimony in Opposition to**

**S.B. No. 183 AN ACT CREATING A SEPARATE NONLAPSING VACCINE AND ANTIBIOTIC PURCHASE ACCOUNT WITHIN THE GENERAL FUND.**

The Connecticut Association of Health Plans respectfully urges opposition to S.B. No. 183 AN ACT CREATING A SEPARATE NONLAPSING VACCINE AND ANTIBIOTIC PURCHASE ACCOUNT WITHIN THE GENERAL FUND.

Originally, this program was funded entirely by the State, however, during the fiscal downturn of 2003, the General Assembly passed legislation which shifted the costs of the fund from the State to private insurance carriers via an assessment levied by the Department of Insurance which is then remanded to the Department of Public Health for the purchase of vaccines. At present, health and life insurers pay the state $9,044,950 annually for purposes of the fund.

We can only presume that the intent of the SB 183 is to move the Immunization Fund, as it is commonly called, out from with under the state's statutory spending cap meaning that the fund will no longer be viewed in the context of the overall state budget picture and therefore will not be afforded the same scrutiny as other levels of state spending.

We believe this sets a dangerous precedent and subjects insurers, who share the cost pressures faced by the state particularly in terms of keeping health insurance premiums low, to the potential for ever rising assessments. This is particularly troublesome given that the insurers do not play an active role in the policy decisions surrounding the fund nor do insurers receive any financial reconciliation as to how the dollars are spent. As such, this proposal will likely result in an additional mandate on insurers whose cost will ultimately be born by employers and consumers. Please consider that:

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- Connecticut has approximately **49 mandates, which is the 5th highest** behind Maryland (58), Virginia (53), California (51) and Texas (50). The average number of mandates per state is 34. (OLR Report 2004-R-0277 based on info provided by the Blue Cross/Blue Shield Assoc.)

- For all mandates listed, the total cost impact reported reflects a range of **6.1% minimum to 46.3% maximum.** (OLR Report 2004-R-0277 based on info provided by the Dept. of Insurance)

- State mandated benefits are not applicable to all employers. Large employers that self-insure their employee benefit plans are not subject to mandates. **Small employers bear the brunt of the costs.** (OLR Report 2004-R-0277)

- The National Center for Policy Analysis (NCPA) estimates that **25% of the uninsured are priced out of the market by state mandates**. A study commissioned by the Health Insurance Assoc. of America (HIAA) and released in January 1999, reported that "...a fifth to a quarter of the uninsured have no coverage because of state mandates, and federal mandates are likely to have larger effects. (OLR Report 2004-R-0277)

- **Mandates increased 25-fold over the period, 1970-1996, an average annual growth rate of more than 15%.** (PriceWaterhouseCoopers: The Factors Fueling rising Healthcare Costs- April 2002)

- National statistics suggest that **for every 1% increase in premiums, 300,000 people become uninsured.** (Lewin Group Letter: 1999)

- "According to a survey released in 2002 by the Kaiser Family Foundation (KFF) and Health Research and Educational Trust (HRET), employers faced an average **12.7% increase in health insurance premiums** that year. A survey conducted by Hewitt Associates shows that employers encountered **an additional 13% to 15% increase in 2003**. The outlook is for more double-digit increases. **If premiums continue to escalate at their current rate, employers will pare down the benefits offered, shift a greater share of the cost to their employees, or be forced to stop providing coverage.**" (OLR Report 2004-R-0277)

We respectfully urge your opposition. Thank you for your consideration.